STATEMENT OF

JOHN E. JAMIAN
DEPUTY MARITIME ADMINISTRATOR
U.S. DEPARTMENT OF TRANSPORTATION

ON THE

UPPER MISSISSIPPI AND ILLINOIS RIVERS-
RECOMMENDATIONS FOR
NAVIGATION IMPROVEMENTS AND ECOSYSTEM RESTORATION

BEFORE THE

TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES

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Chairman Duncan, Congressman Costello and Members of the Subcommittee, thank you for the opportunity to appear before you today. Our coastal ports and network of inland waterways play an important role in our nation's transportation infrastructure and our economy. Annually, the U.S. marine transportation system:

- Moves more than 2 billion tons of domestic and international freight;
- Imports 3.3 billion barrels of oil to meet U.S. energy demands;
- Transports 134 million passengers by ferry;
- Serves 78 million Americans engaged in recreational boating; and
- Hosts more than 5 million cruise ship passengers

Within the United States, the inland waterways provide a means for moving major bulk commodities, such as coal (176 million tons per year), oil and petroleum products (152 million tons per year), and grain and farm products (89 million tons per year). Inland waterways transportation supports State, local government, and private sector economic development and job-creation efforts. Waterborne cargo contributes more than $742 billion to the U.S. gross domestic product and creates employment for more than 13 million citizens. Domestic waterborne shipping in the United States moves 14% of the national cargo tonnage, and provides $300 million and $55 million in federal and state tax revenue, respectively, on an annual basis. The potential efficiencies of the inland waterway systems for national transportation problem solving can be significant. For

example, a single 1,500 ton barge, the kind typically used on inland waterways, can carry the equivalent of 15 jumbo rail hoppers or 58 large trucks of bulk cargo. Waterborne transportation is the least expensive way for shippers to transport goods between two points on the river. On a per-container basis, vessels are less polluting than other modes, and have the fewest accidental spills or collisions of all forms of transportation. In fact, the safety record of inland water transportation is unmatched by any other mode.

The Nation's freight transportation system faces significant bottlenecks. DOT is working to develop a fully integrated national transportation system. To achieve this objective, we are working with other Federal agencies, as appropriate, to solve national challenges to waterborne transportation.

The Army Corps of Engineers (Corps) has been studying the need for inland waterway infrastructure modernization on the Upper Mississippi River and Illinois Waterway. In the spring of 2004, the Corps released a draft Upper Mississippi River-Illinois Waterway System Navigation Feasibility Study and Programmatic Environmental Impact Statement report (Study). DOT would like to commend the Corps for its interagency approach to the study process, which involved participation by DOT (through the Maritime Administration), the Department of Agriculture, Fish and Wildlife Service and EPA at the Working Group and Principal Group levels. The process allowed the interested agencies to address the issues in a collaborative and problem solving manner. In an effort to educate everyone on some of the more complex issues, the Corps brought in industry experts to discuss aspects of the study. The Corps also included the agency representatives in outreach meetings.

In September 2003, DOT's Research and Special Programs Administration, John A. Volpe National Transportation Systems Center, prepared an Upper Mississippi River and Illinois Waterways: Non-Structural Measures Cost Benefit Study (Volpe Study) at the request of the Corps. The Volpe Study supported the Corps' study of navigation in the Upper Mississippi River and Illinois Waterway, and addressed the need to examine the potential for "non-structural measures" to improve efficiency in those waterways. The Volpe Study concluded that excess lockage time fees would encourage operators to improve their "maneuver times." However, the Volpe Study also concluded that the costs of installation of winches to speed the lockage process and avoid the excess lockage fee was not justified by the time savings gained.

Additionally, the Volpe Study concluded that scheduling systems, including "tradable permits," whose aim is to impose more predictability on the system, and which have been suggested by some parties, were impractical for this waterway and would alter the essentially responsive and flexible nature of the service currently provided to shippers. The Volpe Study states that reconfiguring cargo storage and terminal infrastructure below St. Louis might address shipper concerns while enhancing the efficiency of barge movements. However, as the report notes, this approach represents a fundamental change in river operations and is outside the scope of non-structural measures.

The Volpe Study found that an appointment system may have potential, especially if combined with an excess lockage fee, which was determined not cost effective. Also, with regard to lockage fees, the study suggests delays could be reduced through other non-structural measures such as training. After a review of all data, the Corps has recommended the use of small scale structural and non-structural measures as an immediate step to reduce delays.

In conclusion, the contributions of our coastal ports and inland waterways to the Nation's intermodal transportation system are significant and deserve attention. DOT is committed to working with others, using a coordinated, integrated approach to meet our Nation's transportation needs.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have at this time.

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